

Minutes of Special Membership Meeting

Southern Marketing Agency, Inc.

December 19, 2012

La Mansion del Rio

San Antonio, Texas

The Special Meeting of the Members of Southern Marketing Agency, Inc. (SMA) was called to order at 9:10 a.m., CST.

Pursuant to the Bylaws of Southern Marketing Agency, Inc., all Members had been duly noticed of this Special Meeting of Members. The noticed purpose of the Special Meeting was to discuss and potentially vote on dissolution of Southern Marketing Agency, Inc., and to discuss and potentially vote on matters associated with a potential dissolution of Southern Marketing Agency, Inc.

The following Members of the Agency were present, being all the Members:

Arkansas Dairy Cooperative Association, Inc. (ADCA)
Dairy Farmers of America, Inc. (DFA)
Dairymen's Marketing Cooperative, Inc. (DMCI)
LANCO-Pennland Quality Milk Producers Co-op (LPQM)
Lone Star Milk Producers, Inc. (LSMP)
Maryland & Virginia Milk Producers Cooperative Association, Inc. (MDVA)
Premier Milk, Inc. (PMI)

The Representative present for each Member was:

ADCA	Rick Strain, President
DFA	Randy McGinnis, Member's Designee
DMCI	Mark Freeman, President
LPQM	Sam Smith, Member's Designee
LSMP	Joe Parsley, Member's Designee
MDVA	Dwayne Myers, President
PMI	Pete Wright, President

Minutes of the Annual Meeting of Members, held April 18, 2012, having previously been distributed to all Members, upon a motion duly made and seconded, were approved as presented.

A motion was duly made and seconded to dissolve Southern Marketing Agency, Inc. A thorough discussion followed. A roll call vote was taken, and the Members of Southern Marketing Agency, Inc. unanimously voted to dissolve the Agency.

Pursuant to Kentucky agricultural cooperative statute, the requirement to name a three-Member dissolution committee was discussed. A motion was duly made and seconded to name Dairy Farmers of America, Inc., to be represented by Mickey Childers and Randy McGinnis; Dairymen's Marketing Cooperative, Inc., to be represented by Mark Freeman and Kathy Bray; and Maryland & Virginia Milk Producers Cooperative Association, Inc., to be represented by Dwayne

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

November 15, 2012

Embassy Suites DFW - South

Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 1:30 p.m., CST.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Dale Fudge	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers, Inc.
Joe Parsley	Lone Star Milk Producers, Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Kevin Satterwhite	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Louis Shiver	Premier Milk, Inc.

Minutes of the meeting of the Board of Directors held October 16, 2012, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

A financial report of the Agency's Operations Account as of November 15, 2012 was presented. Upon a motion duly made and seconded, the financial report was approved. It was reported that establishment of the SMA operations account at Community Bank and Trust of Florida had been completed, and Assistant Treasurer Mr. Tom Pittman had assumed all the responsibilities of the Assistant Treasurer.

The Board reviewed and discussed proposed amendments to the SMA Bylaws, the amendments being necessary to restructure the Board representation and term-limits as required in the SMA/Baird Settlement Agreement. The proposed amendments had been previously distributed to the Board, and the issue of amending the bylaws duly noticed for this meeting of the Board. A motion was duly made and seconded to approve the proposed amendments to the SMA Bylaws. The motion was approved unanimously. The amended Bylaw language is attached to, and made a part of, these Minutes as Exhibit A.

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

October 16, 2012

Embassy Suites DFW - South

Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 9:00 a.m., CDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Bryant Fisher	Dairy Farmers of America, Inc.
Dale Fudge	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Lynn Ramsey	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Joe Parsley	Lone Star Milk Producers, Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Kevin Satterwhite	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Pete Wright	Premier Milk, Inc.

Minutes of the meeting of the Board of Directors held September 11, 2012, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

A financial report of the Agency's Operations Account as of October 16, 2012 was presented. Upon a motion duly made and seconded, the financial report was approved. It was reported that establishment of the SMA operations account at Community Bank and Trust of Florida was progressing, with all required documents in process.

President Dwayne Myers was recognized for ten years of continuous service to the Agency as a Director and officer of SMA.

The Board of Directors gave reports on its work from the previous day's Board work session, and these reports detailed discussions on four items: the hiring of a General Manager for SMA; the value and commitment to continued inter-association cooperation; amendments to the SMA bylaws; and SMA pool costs and returns.

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

September 11, 2012

Embassy Suites

Charlotte, North Carolina

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 8:00 a.m., EDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Bryant Fisher	Dairy Farmers of America, Inc.
Dale Fudge	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Lloyd Phillips	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Pete Wright	Premier Milk, Inc.

Minutes of the meeting of the Board of Directors held August 22, 2012, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

It was reported that work was progressing on establishing a bank account for the SMA Operations Account at Community Bank and Trust of Florida.

The Board heard reports and held discussions on a number of structural items required in the SMA/Baird Antitrust Settlement Agreement.

It was reported that the Position Announcement for SMA General Manager had been posted on the required Member websites on or before September 10, 2012, ahead of the date required in the Settlement Agreement. The Position Announcement for SMA General Manager will remain on the Member websites until October 11, 2012, completing the 30-day posting as required in the Settlement Agreement. The Board was reminded of its scheduled work session to review information received from applicants for General Manager, to be held at 1:00 p.m. CDT on Monday October 15, 2012 in the Dallas, Texas area.

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

August 22, 2012

Embassy Suites DFW - South

Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 9:00 a.m., CDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Dale Fudge	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Lloyd Phillips	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Tim Camp	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Kevin Satterwhite	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Louis Shiver	Premier Milk, Inc.

Minutes of the meeting of the Board of Directors held July 24, 2012, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

A financial report of the Agency's Operations Account as of August 17, 2012 was presented. Upon a motion duly made and seconded, the financial report was approved.

It was reported that Assistant Treasurer Ms. Pam Reese would in the near future no longer be available to serve in that capacity. Upon a motion duly made and seconded, Mr. Tom Pittman was elected an Assistant Treasurer of SMA. In addition, it was reported that as a result, SMA would need to establish a new bank account for its Operations Account.

Upon a motion duly made and seconded, and passed unanimously, Be It Resolved that SMA shall establish a bank checking account at Community Bank and Trust of Florida. Further, authorized signatories on such account shall be Mr. Thomas Pittman, and Ms. Sonia Fabian.

The Board heard a report on the July 2012 SMA revenue and cost pool. Upon a motion duly made and seconded, the pool report was approved. The Board heard a report on the balances in the

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

July 24, 2012

**Embassy Suites DFW - South
Irving, Texas**

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 9:00 a.m., CDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Dale Fudge	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Louis Shiver	Premier Milk, Inc.

Minutes of the meeting of the Board of Directors held June 20, 2012, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

A financial report of the Agency's Operations Account as of July 21, 2012 was presented. Upon a motion duly made and seconded, the financial report was approved. It was further reported that lawsuit settlement payments had been completed in both the Mississippi and Southeastern antitrust cases, as required by the respective Settlement Agreements.

The Board heard a report on the June 2012 SMA revenue and cost pool. Upon a motion duly made and seconded, the pool report was approved. The Board heard a report on the balances in the Balancing Cost Escrow Fund. Upon a motion duly made and seconded, the Escrow Funds financial reports were approved.

The Board heard a report on continued work by the Operations Committee on the 2012 projected milk budget, in particular a report of recent volumes in member milk production over and above budgeted values.

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

June 20, 2012

Embassy Suites DFW - South

Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 9:10 a.m., CDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Dale Fudge	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.

Minutes of the meetings of the Board of Directors held May 23 and June 1, 2012, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

A financial report of the Agency's Operations Account as of June 18, 2012 was presented. Upon a motion duly made and seconded, the financial report was approved. A thorough discussion was held on completing the funding for payment of Settlements in the various antitrust cases. Upon a motion duly made and seconded, sufficient monies shall be allocated from the June 2012 pool to complete the funding of the amounts necessary to make the two Settlement payments.

The Board heard reports on the May 2012 SMA revenue and cost pool. Upon a motion duly made and seconded, the pool report was approved. The Board heard a report on the balances in the Supplemental Milk Escrow Fund and the Litigation Settlement Escrow funds. Upon a motion duly made and seconded, the Escrow Funds financial reports were approved.

It was reported that SMA's requests filed with the Appalachian Order and Southeast Order market administrators to install Transportation Credit Balancing Fund payments for the month of June 2012 had been approved.

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

June 1, 2012

Via Conference Call

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 1:00 p.m., EDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Dale Fudge	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Pete Wright	Premier Milk, Inc.

The Board was updated on the status of the Mississippi antitrust litigation. It was reported that there appeared to be an opportunity for SMA to settle the case, with a monetary payment to the seventy-one plaintiffs of \$51,000.00 and dismissal with prejudice of SMA as a defendant would be accomplished. This monetary amount is essentially the same amount per capita per plaintiff as the SMA/Baird monetary payment to settle the Southeast Milk antitrust litigation. It was reported that the SMA litigation committee recommended that the Board approve the settlement. A thorough discussion followed. A motion was duly made and seconded to authorize counsel to pursue settlement on the above terms. Motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 1:20 p.m., EDT on June 1, 2012.

Respectfully submitted,

Jeffrey Sims
Assistant Secretary

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

May 23, 2012

Embassy Suites DFW - South

Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 9:00 a.m., CDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Dale Fudge	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Louis Shiver	Premier Milk, Inc.

Minutes of the meeting of the Board of Directors held April 18, 2012, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

A financial report of the Agency's Operations Account as of May 18, 2012 was presented. Upon a motion duly made and seconded, the financial report was approved.

The Board heard reports on the April 2012 SMA revenue and cost pool. Upon a motion duly made and seconded, the pool report was approved. The Board heard a report on balances in the Supplemental Milk Escrow Fund and Plant Closure Escrow Fund. Upon a motion duly made and seconded, the Escrow Funds financial reports were approved.

The Board heard a preliminary final report on the GSA-SMA joint plant closure project. Costs of closure of each plant were detailed. It was reported that the final total project cost was \$8.0 million below the original \$53.2 million budget, and the final cost per hundredweight (based on 2008 and 2009 GSA plus SMA member milk) was \$0.106 per hundredweight versus a budgeted \$0.120 per hundredweight. The ongoing benefits to SMA of the plant closure project were reviewed.

Minutes of Annual Meeting
Southern Marketing Agency, Inc.
April 18, 2012
Embassy Suites Hotel - DFW South
Irving, Texas

The Annual Meeting of the Members of Southern Marketing Agency, Inc. was called to order at 9:10 a.m., CDT.

The following Members of the Agency were present:

Arkansas Dairy Cooperative Association, Inc.
Dairy Farmers of America, Inc.
Dairymen's Marketing Cooperative, Inc.
LANCO-Pennland Quality Milk Producers Co-op
Lone Star Milk Producers, Inc.
Maryland & Virginia Milk Producers Cooperative Association, Inc.
Premier Milk, Inc.

All Members being in attendance, a quorum was present for the conduct of business.

Minutes of the Annual Meeting of Members, held April 20, 2011, having previously been distributed to all Members, upon a motion duly made and seconded, were approved as presented.

The following persons were nominated to the Board of Directors for the next year:

Rick Strain	of Arkansas Dairy Cooperative Assoc., Inc.
Mickey Childers	of Dairy Farmers of America, Inc.
Bryant Fisher	of Dairy Farmers of America, Inc.
Dale Fudge	of Dairy Farmers of America, Inc.
Gerald Heatwole	of Dairy Farmers of America, Inc.
Kent Herman	of Dairy Farmers of America, Inc.
David Hutsell	of Dairy Farmers of America, Inc.
Eugene Robertson	of Dairy Farmers of America, Inc.
Mark Freeman	of Dairymen's Marketing Cooperative, Inc.
Sam Smith	of LANCO-Pennland Quality Milk Producers Co-op
Joe Parsley	of Lone Star Milk Producers, Inc.
Branson Coltrane	of Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	of Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Pete Wright	of Premier Milk, Inc.

There being no additional nominations, upon a motion duly made and seconded, the slate of Directors was elected by acclamation.

The following persons were nominated as the Alternate Directors for the next year:

Charles Council	of Arkansas Dairy Cooperative Assoc., Inc.
Glen Easter	of Dairy Farmers of America, Inc.

Lloyd Phillips	of Dairy Farmers of America, Inc.
Lynn Ramsey	of Dairy Farmers of America, Inc.
Brian Rexing	of Dairy Farmers of America, Inc.
Carl Roberts	of Dairy Farmers of America, Inc.
Nathan Roth	of Dairy Farmers of America, Inc.
Norris Sloan	of Dairymen's Marketing Cooperative, Inc.
Tim Camp	of LANCO-Pennland Quality Milk Producers Co-op
H.H. Barlow	of Lone Star Milk Producers, Inc.
John Daniel Allen	of Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Kevin Satterwhite	of Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Louis Shiver	of Premier Milk, Inc.

There being no additional nominations, upon a motion duly made and seconded, the slate of Alternate Directors was elected by acclamation.

A report to the membership was presented on accomplishments during the previous year.

In the area of membership, there were no changes in the membership of Southern Marketing Agency, Inc. during 2011. As of the end of 2011, membership stood at seven members. During 2011 SMA did receive two informal membership inquiries, one from a cooperative association, and the other from a producer group awaiting Capper – Volstead approval.

During 2011 there were a number of major changes to standing supplemental milk arrangements. The agreement with Continental Dairy Products, Inc. was modified and the volume reduced, and an equivalent agreement was secured with the Mideast Council of Dairy Farmers of America, Inc. These agreements should be beneficial to SMA, particularly in the long supply season. Volumes committed to under the supplemental milk agreement with Greater Southwest Agency, Inc. were reduced from previous years. Other agreements were modified and adjusted throughout the year.

In the areas of producer programs and producer milk hauling rates, there was one substantive procedural change during 2011, the removal of the Somatic Cell Count program from the SMA revenue and cost pool. Beginning in March 2011, SCC adjustments were revised, and incentive and penalty rates were established thusly:

For individual producer monthly average Somatic Cell Counts:

- A. less than 250,000 per milliliter, an incentive of \$0.30 per hundredweight
- B. greater than 250,000 per milliliter and less than or equal to 400,000 per milliliter, an incentive ranging linearly from \$0.00 per hundredweight to \$0.30 per hundredweight
- C. greater than 400,000 SCC per milliliter and less than or equal to 600,000 per milliliter, no incentive or penalty

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

April 18, 2012

Embassy Suites DFW - South

Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 9:30 a.m., CST.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Dale Fudge	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Tim Camp	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Louis Shiver	Premier Milk, Inc.

The SMA General Council welcomed the new and returning members to the Board, and made a report on the obligation of Board members. Of particular note is the requirement that data, information, and plans presented to the Board, and discussions held by the Board, were to be kept in the strictest of confidence.

The election of officers for the next year was held. The following officers were duly elected:

President --- Dwayne Myers
Vice President --- Mickey Childers
Secretary/Treasurer --- Joe Parsley
Assistant Treasurer --- Sonia Fabian
Assistant Treasurer --- Pam Reese
Assistant Secretary / Treasurer --- Jeffrey Sims

Minutes of the meeting of the Board of Directors held February 22, 2012, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

February 22, 2012

Embassy Suites DFW - South

Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 9:00 a.m., CST.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Larry Jagers	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Pete Wright	Premier Milk, Inc.

Minutes of the meeting of the Board of Directors held January 19, 2012, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

A financial report of the Agency's Operations Account as of February 18, 2012 was presented. Upon a motion duly made and seconded, the financial report was approved.

A formal letter of resignation from former Director David Sumrall was read.

The Board heard a report on the January 2012 SMA revenue and cost pool. Upon a motion duly made and seconded, the pool report was approved. The Board heard a report on balances in the Supplemental Milk Escrow Fund and Plant Closure Escrow Fund. Upon a motion duly made and seconded, the Escrow Funds financial reports were approved.

The Board heard a report and held a thorough discussion on the status of the joint GSA-SMA Plant Closure project.

The Board heard a report and reviewed the monthly summary pool on Somatic Cell Counts. It was noted that since the implementation of the revised SMA SCC program in 2011, milk quality as

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

January 19, 2012

Embassy Suites DFW - South

Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 9:00 a.m., CST.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Larry Jagers	Dairy Farmers of America, Inc.
Lynn Ramsey	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Steve Graybeal	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Pete Wright	Premier Milk, Inc.

Minutes of the meeting of the Board of Directors held December 15, 2011, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

A financial report of the Agency's Operations Account as of January 18, 2012 was presented. Upon a motion duly made and seconded, the financial report was approved.

The Board heard a report on the December 2012 SMA revenue and cost pool. Upon a motion duly made and seconded, the pool reports were approved. The Board heard a report on balances in the Supplemental Milk Escrow Fund and Plant Closure Escrow Fund. Upon a motion duly made and seconded, the Escrow Funds financial reports were approved.

The Board heard a report and held a thorough discussion on the status of the joint GSA-SMA Plant Closure project.

The Board heard reports and reviewed monthly summary pool data for the years 2010 and 2011. Data on Somatic Cell Counts and Preliminary Incubation Counts for those years was also distributed and reviewed by the Board. A thorough discussion followed.

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

December 15, 2011

Gaylord Texan Hotel

Grapevine, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 9:05 a.m., CST.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Larry Jaggars	Dairy Farmers of America, Inc.
Carl Roberts	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Steve Graybeal	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Pete Wright (telephonically)	Premier Milk, Inc.

Minutes of the meeting of the Board of Directors held October 18, 2011, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

A financial report of the Agency's Operations Account as of December 15, 2011 was presented. Upon a motion duly made and seconded, the financial report was approved.

The Board heard a report on the October and November 2011 SMA revenue and cost pools. Upon a motion duly made and seconded, the pool reports were approved. The Board heard a report on balances in the Supplemental Milk Escrow Fund and Plant Closure Escrow Fund. Upon a motion duly made and seconded, the Escrow Funds financial reports were approved.

The Board heard a report on Federal Milk Marketing Order brief filed by SMA in support of a proposal to amend the pool distributing plant definition in the Mideast Federal Milk Marketing Order (Order Number 1033).

The Board heard a report and held a thorough discussion on the status of the joint GSA-SMA Plant Closure project. The objectives and benefits of the project were reviewed.

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

October 18, 2011

Embassy Suites – DFW South

Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 9:00 a.m., CDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Larry Jagers	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
David Sumrall	Premier Milk, Inc.

Minutes of the meeting of the Board of Directors held August 17, 2011, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

A financial report of the Agency's Operations Account as of October 17, 2011 was presented. Upon a motion duly made and seconded, the financial report was approved.

The Board heard a report on the August and September 2011 SMA revenue and cost pools. Upon a motion duly made and seconded, the pool reports were approved. The Board heard a report on balances in the Supplemental Milk Escrow Fund and Plant Closure Escrow Fund. Upon a motion duly made and seconded, the Escrow Funds financial reports were approved.

The Board heard a report and held a discussion on plans for assembling funds necessary for the potential payment of the preliminarily approved antitrust case settlement. Upon a motion duly made and seconded, and passed unanimously, in the event such settlement comes due to be paid, and balances in the SMA bank accounts are insufficient to make such payment, the shortage of the amount necessary is to be borrowed from the seven members of SMA. Such borrowings from members shall be prorata to the member milk patronage of each member for the calendar year 2011. Repayments of the loaned amounts back to Members shall be paid prorata to the respective amounts borrowed.

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

August 17, 2011

Omni Hotel

Charlotte, North Carolina

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 2:35 p.m., EDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Larry Jagers	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
David Sunrall	Premier Milk, Inc.

Minutes of the meetings of the Board of Directors held May 18, 2011 and July 20, 2011, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

The Board was updated on the status of the southeastern milk antitrust litigation and in particular recent developments potentially impacting the Southern Marketing Agency, Inc. and James Baird preliminarily approved settlements with Plaintiffs. A thorough discussion was held. Further, a report was received on the progress of the Mississippi antitrust litigation. It was reported that local counsel in Mississippi was needed for Southern Marketing Agency, Inc., inasmuch as SMA is a defendant in the case. It was reported that Mr. Mark Nelson, of the Hattiesburg, Mississippi law firm Bryan Nelson P.A., had been highly recommended. Mr. Nelson's qualifications were detailed. Upon a motion duly made and seconded, Mr. Mark Nelson was approved as local counsel for SMA in the matter.

A financial report of the Agency's Operations Account as of August 16, 2011 was presented. Upon a motion duly made and seconded, the financial report was approved.

The Board heard a report on Federal Milk Marketing Order hearing proposals regarding the pool distributing plant definition in the Mideast Federal Milk Marketing Order (Order Number 1033). It was

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

July 20, 2011

Embassy Suites Hotel – DFW South

Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 1:15 p.m., CDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Larry Jagers	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
David Sumrall	Premier Milk, Inc.

The Board discussed meeting dates. It was agreed that the August 2011 meeting of the Board would be held on August 17, 2011, at 3:00 p.m. EDT, in the Charlotte, North Carolina area.

The Board was updated on the status of the southeastern milk antitrust litigation and in particular, discussions and negotiations pertaining to a potential settlement agreement between SMA, James Baird, and the plaintiffs. A Term Sheet detailing provisions of the potential settlement was reviewed by the Board, questions asked and answered, and suggestions for improving the terms offered. A thorough discussion was held.

A motion was duly made and seconded to approve the settlement of the antitrust lawsuit between SMA James Baird, and the plaintiffs, with such agreement to include the substantive provisions as detailed in the Term Sheet dated this date, as proposed by the Board to be amended and revised. Upon a roll call vote the motion passed unanimously, with all Directors voting.

A motion was duly made and seconded to establish a Litigation Committee, with authority to review and potentially approve the final Settlement Agreement, provided such Agreement does not vary substantively from the provisions detailed in the above mentioned Term Sheet. The Litigation Committee members are to be: Mickey Childers, Joe Parsley, Dwayne Myers, Randy McGinnis, Jim Baird and Jay Bryant; with ex officio (nonvoting) members being Joe Day and Jeffrey Sims. The motion passed unanimously.

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

May 18, 2011

Embassy Suites Hotel – DFW South

Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 9:00 a.m., CDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Gerald Heatwole	Dairy Farmers of America, Inc.
Kent Herman	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Larry Jagers	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
David Sumrall	Premier Milk, Inc.

Minutes of the meeting of the Board of Directors held April 20, 2011, having been previously distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

A financial report of the Agency's Operations Account as of May 17, 2011 was presented. Upon a motion duly made and seconded, the financial report was approved.

A thorough report on the audit of the books and records of the Agency was presented by Directors Mr. Parsley and Mr. Heatwole, the Directors forming the Audit Committee. It was reported that the books and records of the Agency were in good order, and all transactions thoroughly and accurately documented. Upon a motion duly made and seconded, the Audit Committee report was approved. The Board expressed their appreciation to the Assistant Treasurer for her diligence in the care of the Agency books and records.

Financial reports of the Agency's Supplemental Milk Escrow Fund and Plant Closure Escrow Funds were presented. Upon a motion duly made and seconded, the Supplemental Milk Escrow Fund financial report and Plant Closure Escrow Fund financial reports were approved.

The Board heard a report on the April 2011 revenue and cost pool. Upon a motion duly made and seconded, the pool report was approved.

It was reported that SMA had submitted requests to the Market Administrators for the Appalachian and Southeast Federal Milk Marketing Orders requesting Transportation Credit Balancing

Minutes of Annual Meeting
Southern Marketing Agency, Inc.
April 20, 2011
Embassy Suites Hotel - DFW South
Irving, Texas

The Annual Meeting of the Members of Southern Marketing Agency, Inc. was called to order at 8:00 a.m., CDT.

The following Members of the Agency were present:

Arkansas Dairy Cooperative Association, Inc.
Dairy Farmers of America, Inc.
Dairymen's Marketing Cooperative, Inc.
LANCO-Pennland Quality Milk Producers Co-op
Lone Star Milk Producers, Inc.
Maryland & Virginia Milk Producers Cooperative Association, Inc.
Premier Milk, Inc.

All Members being in attendance, a quorum was present for the conduct of business.

Minutes of the Annual Meeting of Members, held April 21, 2010, having previously been distributed to all Board members, upon a motion duly made and seconded, were approved as presented.

The following persons were nominated to the Board of Directors for the next year:

Rick Strain	of Arkansas Dairy Cooperative Assoc., Inc.
Mickey Childers	of Dairy Farmers of America, Inc.
Bryant Fisher	of Dairy Farmers of America, Inc.
Gerald Heatwole	of Dairy Farmers of America, Inc.
Kent Herman	of Dairy Farmers of America, Inc.
David Hutsell	of Dairy Farmers of America, Inc.
Larry Jaggars	of Dairy Farmers of America, Inc.
Eugene Robertson	of Dairy Farmers of America, Inc.
Mark Freeman	of Dairymen's Marketing Cooperative, Inc.
Sam Smith	of LANCO-Pennland Quality Milk Producers Co-op
Joe Parsley	of Lone Star Milk Producers, Inc.
Branson Coltrane	of Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	of Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
David Sumrall	of Premier Milk, Inc.

There being no additional nominations, upon a motion duly made and seconded, the slate of Directors was elected by acclamation.

The following persons were nominated as the Alternate Directors for the next year:

Charles Council	of Arkansas Dairy Cooperative Assoc., Inc.
Glen Easter	of Dairy Farmers of America, Inc.

Mac Pate	of Dairy Farmers of America, Inc.
Lloyd Phillips	of Dairy Farmers of America, Inc.
Lynn Ramsey	of Dairy Farmers of America, Inc.
Carl Roberts	of Dairy Farmers of America, Inc.
Nathan Roth	of Dairy Farmers of America, Inc.
James T. Blackwell	of Dairymen's Marketing Cooperative, Inc.
Joe Hess	of LANCO-Pennland Quality Milk Producers Co-op
H.H. Barlow	of Lone Star Milk Producers, Inc.
Steven Graybeal	of Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
W.W. (Monk) Sanford	of Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Pete Wright	of Premier Milk, Inc.

There being no additional nominations, upon a motion duly made and seconded, the slate of Alternate Directors was elected by acclamation.

A report to the membership was presented on accomplishments during the previous year.

In the area of membership, there was one change in the membership of Southern Marketing Agency, Inc. during 2010, with LANCO-Pennland Quality Milk Producers, Inc. joining SMA on February 17, 2010. As of the end of 2010, membership stood at seven members.

During 2010 there was one amendment to the SMA bylaws, and that amendment defined the number of Directors allowable per Member, based on the annual percentage of milk pooled by each Member in the SMA revenue and cost pool. As a result of the Bylaws amendment, the number of Directors was increased to fourteen.

During 2010 there were no major changes to standing supplemental milk arrangements.

In the areas of producer programs and producer milk hauling rates, there was one substantive procedural change during 2010, the replacement of the Standard Plate Count bacteria quality program with a Preliminary Incubation Count quality program. The final Preliminary Incubation Count program adopted for 2010 included a \$0.30 per hundredweight incentive for individual producer-member milk with PI counts of zero to 20,000; a \$0.10 per hundredweight incentive for individual producer-member milk with PI counts of 20,000 to 40,000; no adjustment for individual producer-member milk with PI counts of 40,000 to 100,000, and penalties of \$0.50 per hundredweight for the first month of PI counts more than 100,000, and \$1.00 per hundredweight for the second and following consecutive months of PI counts more than 100,000. The penalty portion of the program was suspended for the months of January through March 2010, and fully then implemented in April, and was in effect for the remainder of the year.

For the period of May through December 2010, each month the proportion of milk from member-producers with PI counts less than 40,000 exceeded 90 percent of SMA's member milk, a substantial increase in milk quality versus prior years as measured by Preliminary Incubation Counts. For the year 2010, 88.5 percent of the member milk had PI counts less than 40,000, compared to 66.0 percent during the 2008-2009 year studied in advance of the program's implementation.

Minutes of Board of Directors Meeting

Southern Marketing Agency, Inc.

April 20, 2011

Embassy Suites Hotel – DFW South
Irving, Texas

The meeting of the Directors of Southern Marketing Agency, Inc. (SMA) was called to order at 8:20 a.m., CDT.

The following members of the Board were present:

Rick Strain	Arkansas Dairy Cooperative Association
Mickey Childers	Dairy Farmers of America, Inc.
Bryant Fisher	Dairy Farmers of America, Inc.
Larry Jagers	Dairy Farmers of America, Inc.
Randy Mooney	Dairy Farmers of America, Inc.
David Hutsell	Dairy Farmers of America, Inc.
Lloyd Phillips	Dairy Farmers of America, Inc.
Eugene Robertson	Dairy Farmers of America, Inc.
Mark Freeman	Dairymen's Marketing Cooperative, Inc.
Sam Smith	LANCO-Pennland Quality Milk Producers Coop
Joe Parsley	Lone Star Milk Producers, Inc.
Branson Coltrane	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
Dwayne Myers	Maryland & Virginia Milk Prod. Coop. Assoc., Inc.
David Sumrall	Premier Milk, Inc.

The election of officers for the next year was held. The following officers were duly elected:

President --- Dwayne Myers
Vice President --- Mickey Childers
Secretary/Treasurer --- Joe Parsley
Assistant Treasurer --- Sonia Fabian
Assistant Treasurer --- Pam Reese
Assistant Secretary / Treasurer --- Jeffrey Sims

Minutes of the meetings of the Board of Directors held February 16, and March 25, 2011, having been previously distributed to all Board members, upon a motion duly made and seconded, was approved as presented.

A financial report of the Agency's Operations Account as of April 15, 2011 was presented. Upon a motion duly made and seconded, the financial report was approved.

A financial report of the Agency's Supplemental Milk Escrow Fund was presented. Upon a motion duly made and seconded, the Supplemental Milk Escrow Fund financial report was approved.

The Board heard a report on the February and March 2011 revenue and cost pools. Upon a motion duly made and seconded, the pool report was approved.